

SCHEDULE 14A
(RULE 14A-101)
INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

PROXY STATEMENT PURSUANT TO SECTION 14(A) OF THE SECURITIES
EXCHANGE ACT OF 1934 (AMENDMENT NO.)

Filed by the registrant /X/
Filed by a party other than the registrant / /
Check the appropriate box:
/ / Preliminary proxy statement
/X/ Definitive proxy statement
/ / Definitive additional materials
/ / Soliciting material pursuant to Rule 14a-11(c) or Rule 14a-12

HOLLY CORPORATION

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement)

Payment of filing fee (Check the appropriate box):
/X/ \$125 per Exchange Act Rule 0-11(c)(1)(ii), 14a-6(i)(1), or 14a-6(j)(2).
/ / \$500 per each party to the controversy pursuant to Exchange Act Rule
14a-6(i)(3).
/ / Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and
0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transactions applies:

(3) Per unit price or other underlying value of transaction computed
pursuant to Exchange Act Rule 0-11:(1)

(4) Proposed maximum aggregate value of transaction:

/ / Check box if any part of the fee is offset as provided by Exchange Act
Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid
previously. Identify the previous filing by registration statement number, or
the form or schedule and the date of its filing.

(1) Amount previously paid:

(2) Form, schedule or registration statement no.:

(3) Filing party:

(4) Date filed:

(1) Set forth the amount on which the filing fee is calculated and state how
it was determined.

HOLLY CORPORATION
100 CRESCENT COURT

SUITE 1600
DALLAS, TEXAS 75201-6927

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

DECEMBER 8, 1994

PLEASE TAKE NOTICE that the Annual Meeting of Stockholders of Holly Corporation will be held in Suite 200, First National Bank Building, 303 West Main, Artesia, New Mexico, on Thursday, December 8, 1994, at 9:30 o'clock A.M. local time, to

1. Elect a board of eight directors for the ensuing year; and
2. Transact such other business as may properly come before the meeting, or any adjournment thereof.

Only stockholders of record on October 19, 1994 are entitled to notice of and to vote at the meeting.

STOCKHOLDERS WHO DO NOT EXPECT TO ATTEND THE MEETING IN PERSON ARE URGED TO FILL OUT, SIGN AND MAIL PROMPTLY THE ENCLOSED PROXY IN THE ACCOMPANYING ENVELOPE ON WHICH NO POSTAGE IS REQUIRED IF MAILED IN THE UNITED STATES. PROXIES FORWARDED BY OR FOR BROKERS, BANKS, OR FIDUCIARIES SHOULD BE RETURNED AS REQUESTED BY THEM. THE PROMPT RETURN OF PROXIES WILL SAVE THE EXPENSE INVOLVED IN FURTHER COMMUNICATION.

By Order of the Board of Directors:

HENRY A. TEICHHOLZ
Vice President, Treasurer and Controller

November 3, 1994

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PROXY STATEMENT
OF
HOLLY CORPORATION
100 CRESCENT COURT
SUITE 1600
DALLAS, TEXAS 75201-6927

The enclosed proxy for the Annual Meeting of Stockholders is being solicited on behalf of the Board of Directors of Holly Corporation and is revocable at any time prior to the exercise of the powers conferred thereby by written notice to the Controller of the Company or in open meeting. The proxy statement and proxy are expected to be sent to stockholders commencing on November 3, 1994. The cost of soliciting proxies will be borne by the Company. Regular employees of the Company may solicit proxies by mail, telephone, telecopier or in person, without special compensation. Upon request, the Company will reimburse brokers, dealers, banks and trustees, or their nominees, for reasonable expenses incurred by them in forwarding proxy material to beneficial owners of Common Stock.

The Company's Annual Report for its 1994 fiscal year, which ended on July 31, 1994, is being distributed concurrently herewith. The Board of Directors has fixed October 19, 1994, as the record date for the determination of stockholders entitled to vote at the Annual Meeting. At the close of business on that record date, there were outstanding 8,253,514 shares of the common stock, par value \$.01 per share (the "Common Stock"), the holders of which are entitled to one vote per share.

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PRINCIPAL STOCKHOLDERS

The table below lists the only persons known to the management to own beneficially, as beneficial ownership is defined by Rule 13d-3 adopted by the Securities and Exchange Commission ("SEC"), 5% or more of the Company's Common Stock as of October 7, 1994:

NAME AND ADDRESS OF BENEFICIAL OWNER	AMOUNT AND NATURE OF BENEFICIAL OWNERSHIP (A)	PERCENT OF COMMON STOCK OUTSTANDING
Texas Commerce Bank, N.A. Trustee for Holly Corporation Employee Stock Ownership Plan P.O. Box 2558 Houston, Texas 77252	1,210,676 shares (1)	14.7%
Brown Brothers Harriman Trust Company of Texas, as trustee of trusts in the names of Betty Regard, Margaret Simmons and Suzanne Bartolucci (2) 2001 Ross Avenue Dallas, Texas 75201-2996	2,021,136 shares	24.5%
Brown Brothers Harriman Trust Company of Texas, as trustee of three trusts for the benefit of David and Lamar Norsworthy and Nona Barrett, respectively. 2001 Ross Avenue Dallas, Texas 75201-2996	281,562 shares	3.4%
David Norsworthy 114 Hudson Street Del Rio, Texas 78840	250,752 shares (3)	3.0%
Lamar Norsworthy 100 Crescent Court Dallas, Texas 75201-6927	428,581 shares (3)	5.2%
Nona Barrett P.O. Box 668 Lake City, Colorado 81235	430,278 shares	5.2%
David Norsworthy, Lamar Norsworthy and Brown Brothers Harriman Trust Company of Texas, as co-trustees of three trusts for the benefit of David and Lamar Norsworthy and Nona Barrett, respectively (4) 2001 Ross Avenue Dallas, Texas 75201-2996	285,858 shares (5)	3.5%
J. P. Morgan & Co. Incorporated, its subsidiaries and affiliates, acting in various fiduciary capacities 23 Wall Street New York, New York 10015	685,800 shares (6)	8.3%
The Guardian Life Insurance Company of America, its subsidiaries and affiliates, acting in various fiduciary capacities 201 Park Avenue South New York, New York 10003	628,968 shares (7)	7.6%

(All notes appear on following page)

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- (a) Sole voting and investment power except as shown otherwise.
- (1) Plan participants share voting power.
- (2) The named individuals are life beneficiaries and their "children and descendants," of whom there are now five, are residuary beneficiaries of these trusts.
- (3) Does not include 285,858 shares which are beneficially owned by three trusts of which this owner is a co-trustee and which are listed separately.

- (4) The named individuals are the life beneficiaries and members of their families are the residuary beneficiaries of these trusts. Substantially all of the 285,858 shares are held in a limited partnership of which the general partner is a limited liability company owned and controlled by these trusts; the 98.5% limited partner in such partnership is a trust of which David Norsworthy, Lamar Norsworthy and Brown Brothers Harriman Trust Company of Texas are co-trustees and under which, unless the life beneficiary of the trust exercises a power of appointment directing otherwise, residuary beneficiaries are the trusts for the benefit of David and Lamar Norsworthy and Nona Barrett of which Brown Brothers Harriman Trust Company of Texas is the trustee.
- (5) The three co-trustees share indirect voting and investment powers. David Norsworthy and Lamar Norsworthy each disclaims that he is the beneficial owner except as to 1,430 of these shares.
- (6) Beneficial owner does not have voting power with respect to 188,600 shares.
- (7) Beneficial owner has shared voting and investment power with respect to 453,468 shares and sole voting and investment power with respect to 175,500 shares.

The Company is advised that as of October 7, 1994 the present executive officers and directors of the Company as a group owned beneficially 904,898 shares (including 284,428 shares as to which Lamar Norsworthy, Chairman of the Board, President and Chief Executive Officer of the Company, disclaims beneficial ownership) or approximately 11.0% of the Common Stock. Other than Lamar Norsworthy, no executive officer owns more than 1% of the Company's Common Stock.

ELECTION OF DIRECTORS

At the Annual Meeting it is proposed to elect the eight management nominees shown below to hold office as directors until the next annual meeting of stockholders or until their respective successors shall have been elected and qualify.

The Company notes with sadness the absence of long-time director Henry L. Stern. Mr. Stern, who retired as Senior Vice President and General Counsel of the Company in 1989, served as director of the Company from 1967 to 1977 and from 1980 until his death on October 30, 1994. The Company is grateful for Mr. Stern's many years of service and will miss his guidance in the future.

Each of the nominees listed below was elected as director by the shareholders at the annual meeting in 1993. If any nominee should unexpectedly become unavailable for election, votes will be cast, pursuant to the accompanying proxy, for the election of a substitute who may be selected by the present Board of Directors. Management has no reason to believe that any of the nominees named below will be unable to serve.

All properly executed proxies delivered pursuant to this solicitation and not revoked will be voted at the Annual Meeting in accordance with the directions given. With respect to the election of directors, in voting by proxy, stockholders may vote in favor of all nominees or withhold their votes as to all nominees or withhold their votes as to specific nominees. The election of directors will be decided by a plurality vote. Thus, abstentions and broker non-votes will be treated as votes neither "for" nor "against" the election of directors, although abstentions and broker non-votes will be counted in determining if a quorum is present.

Set forth below is certain information about each nominee, including principal occupations for at least five years and beneficial ownership of shares of Common Stock ("Common Shares"). Offices with the Company have been held for at least five years. Membership on certain Board committees is indicated by (A) for audit committee, compensation committee and public policy committee; (E) for executive committee:

W. John Glancy, 52, a director since 1975, has practiced law in the Law Offices of W. John Glancy since January 1991. From 1988 to 1990 he was a partner in the law firm of Hughes & Luce. (A)

Common Shares owned..... 200

Marcus R. Hickerson, 68, a director since 1960, has been a consultant to Centex Development Company since 1987. (A)

Common Shares owned..... 1,556

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A. J. Losee, 69, a director since 1978, is a shareholder in the Artesia, New Mexico law firm of Losee, Carson, Haas & Carroll, P.A., and has practiced law for more than 40 years. (A) (E)

Common Shares owned..... 1,000

Thomas K. Matthews, II, 68, a director since 1978, is a financial consultant. (A)

Common Shares owned..... 400

Robert G. McKenzie, 56, a director since 1992, has been Executive Vice President and Chief Operating Officer of Brown Brothers Harriman Trust Company of Texas since January 1990. Theretofore, he was Executive Vice President of NCNB Texas National Bank and of First Republic Bank Dallas N.A. and Senior Vice President of RepublicBank Dallas, N.A. (A)

Common Shares owned..... 1,000

Lamar Norsworthy, 48, a director since 1967, is Chairman of the Board, Chief Executive Officer and President of the Company. (E)

Common Shares owned..... 428,581(1)

E. I. Parsons, 66, a director since 1976, until his retirement in January 1992 was Vice Chairman of the Board of the Company. (A)

Common Shares owned..... 3,526

Jack P. Reid, 58, a director since 1977, is Executive Vice President, Refining, of the Company. (E)

Common Shares owned..... 59,591

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- (1) Mr. Norsworthy shares with two co-trustees voting and investment power for an additional 285,858 Common Shares as to which he disclaims beneficial ownership except as to 1,430 shares; see "Principal Stockholders".

Certain information set forth above for each director nominee is based on information furnished by such nominee; stockholdings are as of October 7, 1994. No nominee other than Mr. Norsworthy owns beneficially as much as 1% of the Common Stock.

COMPLIANCE WITH SECTION 16(A) OF THE SECURITIES EXCHANGE ACT OF 1934

Based upon the Company's review of the reports and amendments on Forms 3, 4 and 5 furnished to the Company pursuant to Section 16(a) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), all such reports were filed in a timely manner by reporting persons, except as set forth below. Lamar Norsworthy filed in June 1994 a Form 5 for the fiscal

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year ended July 31, 1992 reporting ownership of 281,568 shares of Common Stock owned by a trust of which Mr. Norsworthy is one of three co-trustees and The Nona B. Norsworthy Trust filed in June 1994 a Form 3 for the month of May 1991 reporting ownership of 281,568 shares of Common Stock; no additional transactions were reported in these filings, which were required by changes in applicable SEC rules. Henry L. Stern filed in September 1994 a Form 5 for the fiscal year ended July 31, 1993 reporting one retirement plan transaction as a result of which his beneficial ownership of 667 shares of Common Stock changed from indirect to direct.

BOARD COMMITTEES AND MEETINGS

The Audit Committee of the Board of Directors, which met six times during the 1994 fiscal year, is responsible for monitoring the Company's internal accounting controls, recommending to the Board the selection of independent auditors, and reviewing certain activities of the independent auditors and their

reports and conclusions.

The Compensation Committee of the Board of Directors, which met eight times during the 1994 fiscal year, is responsible for recommending to the Board changes in the compensation of executive personnel and salaries and bonuses for employee directors and for reviewing and making recommendations relative to the Company's employee benefit plans. In addition, an Executive Stock Option Committee composed of nonemployee directors is responsible for considering grants of stock options to officers and directors of the Company; this committee did not meet during the 1994 fiscal year.

The Public Policy Committee of the Board of Directors, which met seven times during the 1994 fiscal year, is responsible for (1) reviewing the Company's policies and procedures on matters of public and governmental concern that significantly affect the Company, including but not limited to environmental, occupational health and safety, and equal employment opportunity matters, and (2) recommending to management and the Board of Directors the formulation or modification of policies and procedures concerning such matters.

The Executive Committee of the Board of Directors has the authority of the Board, to the extent permitted by law and subject to any limitations that may be specified from time to time by the Board, for the management of the business and affairs of the Company between meetings of the Board.

The Board of Directors does not have a standing nominating committee.

During the 1994 fiscal year, the Board of Directors held four meetings. Each director attended at least 75% of the aggregate of the total number of meetings of the Board and of all committees of the Board on which that director served.

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EXECUTIVE COMPENSATION AND OTHER INFORMATION

The following table and notes present the compensation provided by the Company to its chief executive officer and the other four most highly compensated executive officers for all services rendered in all capacities to the Company and its subsidiaries for the fiscal years ended July 31, 1994, 1993 and 1992.

SUMMARY COMPENSATION TABLE

NAME AND PRINCIPAL POSITION	FISCAL YEAR	ANNUAL COMPENSATION			ALL OTHER COMPEN- SATION (2)
		SALARY	BONUS	OTHER ANNUAL COMPENSATION (1)	
Lamar Norsworthy	1994	\$336,828	\$125,000	--	\$ 19,080 (3)
Chairman of the Board,	1993	263,853	100,000	--	611,268 (4)
President and Chief Executive Officer	1992	251,500	37,000	--	--
Jack P. Reid	1994	309,907	117,000	--	19,886 (3)
Executive Vice President,	1993	282,916	100,000	--	632,973 (4)
Refining	1992	269,640	40,000	--	--
William J. Gray	1994	166,530	58,000	--	13,700 (3)
Senior Vice President, Marketing and Supply	1993	158,580	55,000	--	14,191 (4)
	1992	150,990	31,000	--	--
Matthew P. Clifton	1994	146,928	53,000	--	12,164 (3)
Senior Vice President	1993	139,908	50,000	--	71,857 (4)
	1992	133,200	25,000	--	--
Christopher L. Cella	1994	150,340	45,000	--	12,045 (3)
Vice President and General Counsel	1993	142,872	42,000	--	12,521 (4)
	1992	135,360	25,000	--	--

(1) Any perquisites or other personal benefits received from the Company by any of the named executives were substantially less than the reporting thresholds established by the SEC (the lesser of \$50,000 or 10% of the individuals' total annual salary and bonus).

(2) In accordance with the transition provisions of the SEC rules, information

with respect to fiscal year 1992 is omitted.

(3) All Other Compensation -- details for fiscal 1994:

NAME	DIVIDENDS ON PHANTOM SHARES	COMPANY MATCHING THRIFT PLAN	COMPANY CONTRIBUTION TO ESOP	DIVIDENDS DISTRIBUTED ON UNALLOCATED ESOP SHARES	TOTAL
Lamar Norsworthy	\$ 4,943	\$6,382	\$5,603	\$ 2,152	\$19,080
Jack P. Reid	5,121	7,010	5,603	2,152	19,886
William J. Gray	--	6,416	5,263	2,021	13,700
Matthew P. Clifton	--	5,688	4,679	1,797	12,164
Christopher L. Cella	--	5,720	4,570	1,755	12,045

(4) All Other Compensation -- details for fiscal 1993:

NAME	AWARDS OF PHANTOM SHARES	DIVIDENDS ON PHANTOM SHARES	PAYMENTS IN LIEU OF DIVIDENDS	COMPANY MATCHING THRIFT PLAN	COMPANY CONTRIBUTION TO ESOP	DIVIDENDS DISTRIBUTED ON UNALLOCATED ESOP SHARES	MOVING EXPENSE REIMBURSEMENT	TOTAL
Lamar Norsworthy	\$377,817*	\$ 1,059	\$ 215,253**	\$7,427	\$6,750	\$ 2,962	\$ --	\$ 611,268
Jack P. Reid	391,353*	1,097	222,964**	7,847	6,750	2,962	--	632,973
William J. Gray	--	--	--	6,120	5,609	2,462	--	14,191
Matthew P. Clifton	--	--	--	4,846	4,877	2,140	59,994	71,857
Christopher L. Cella	--	--	--	5,384	4,960	2,177	--	12,521

* Amounts shown are the market value on the date of award of a number of shares of Common Stock equal to the number of Phantom Shares awarded to the named officer. Phantom Shares were granted to the named officers for past services and to compensate for the exclusion of the officers from the Employee Stock Ownership Plan ("ESOP") in the 1986-88 fiscal years. Phantom Shares are unsecured rights to cash payments based on dividends paid on shares of Common Stock and the market value of such shares at future dates. Payments based on market value of Common Stock are generally due 40 days after termination of employment or the date of final distribution to the officer under the ESOP unless the officer elects to defer payments to future dates that may not be later than 60 days after the officer's death or permanent disability.

** Total of special cash payments to compensate officer for dividends paid on shares of Common Stock held in the ESOP that would have been allocated to the officer for the fiscal years 1986 through 1988 if the officer had not been excluded from participation in the ESOP for those years.

The following table sets forth information with respect to the exercisable value of unexercised Phantom Shares at July 31, 1994.

AGGREGATED OPTION/SAR EXERCISES IN LAST FISCAL YEAR AND FISCAL YEAR-END OPTION/SAR VALUES

NAME	SHARES ACQUIRED ON EXERCISE (#)	VALUE REALIZED (\$)	NUMBER OF UNEXERCISED OPTIONS/SARS AT FISCAL YEAR-END (#)	VALUE OF UNEXERCISED IN-THE-MONEY OPTIONS/SARS AT FISCAL YEAR-END (\$)
			EXERCISABLE/ UNEXERCISABLE	EXERCISABLE/ UNEXERCISABLE
Lamar Norsworthy.....	0	0	14,124/0	\$ 402,534/\$0
Jack P. Reid.....	0	0	14,630/0	\$ 416,955/\$0

BONUS ARRANGEMENTS

The Company and its principal subsidiaries provide incentive bonuses for certain key personnel. Bonuses are based in part on the performance of the Company and in part on assessment of individual performance. See "Compensation Committee Report on Executive Compensation."

RETIREMENT PLAN

The Company has a noncontributory Retirement Plan for all permanent employees. The following table sets forth the estimated annual retirement benefits (subject to reduction for Social Security offsets) that would be payable in 1994 for certain salary ranges under the Retirement Plan and the retirement restoration plan described below:

PENSION PLAN TABLE

HIGHEST THREE-YEAR AVERAGE SALARY	YEARS OF CREDITED SERVICE AT NORMAL RETIREMENT					
	10	15	20	25	30	35
\$150,000.....	\$24,000	\$ 36,000	\$ 48,000	\$ 60,000	\$ 72,000	\$ 84,000
200,000.....	32,000	48,000	64,000	80,000	96,000	112,000
250,000.....	40,000	60,000	80,000	100,000	120,000	140,000
300,000.....	48,000	72,000	96,000	120,000	144,000	168,000
350,000.....	56,000	84,000	112,000	140,000	168,000	196,000
400,000.....	64,000	96,000	128,000	160,000	192,000	224,000
450,000.....	72,000	108,000	144,000	180,000	216,000	252,000
500,000.....	80,000	120,000	160,000	200,000	240,000	280,000

The compensation covered by the Company's retirement plans is the salary paid to each employee, the amount of which is shown in the Summary Compensation Table on page 7 under

the heading "Salary" for each executive listed therein. At July 31, 1994, Messrs. Norsworthy, Reid, Gray, Clifton, and Cella were credited with 21, 35, 25, 14, and 4 years of service, respectively. Under the Plan, subject to certain age and length-of-service requirements, employees upon normal retirement are entitled to a life annuity with yearly pension payments equal to 1.6% of average annual salary compensation during their highest compensated consecutive 36-month period of employment with the Company multiplied by total credited years of service, less 1.5% of primary Social Security benefits multiplied by such service years but not to exceed 45% of such benefits.

Benefits up to limits set by the Internal Revenue Code are funded by Company contributions to the Retirement Plan, with the amounts determined on an actuarial basis. The Internal Revenue Code currently limits benefits that may be covered by the Retirement Plan's assets to \$118,800 per year (subject to increases for future years based on price level changes) and limits the compensation that may be taken into account in computing such benefits to \$235,840 for the 1994 fiscal year and to \$150,000 for additional benefits accrued in years after fiscal 1994 (subject to certain upward adjustments for future years). The Company has recently adopted a retirement restoration plan that provides for additional payments from the Company so that total retirement plan benefits for executives will be maintained at the levels provided in the Retirement Plan before the application of the Internal Revenue Code limitations.

THRIFT AND STOCK OWNERSHIP PLANS

The Company has a Thrift Plan and an ESOP, which are qualified under the Internal Revenue Code, for eligible employees of the Company and its subsidiaries.

Employees with at least one year of service may elect to participate in the Thrift Plan by making contributions to the Plan of from 2% to 14% of their compensation. The Company matches employee contributions up to 4% of their compensation. In 1994, employee contributions which are made on a tax-deferred basis are limited to \$9,240 per year. Employees may direct Company contributions to be invested in Common Stock. Company contributions vest upon the earlier of five years of credited service or termination of employment due to retirement,

disability or death. Matching Company contributions for executive officers under the Thrift Plan have been included in the Summary Compensation Table under the column captioned "All Other Compensation."

All employees of the Company and eligible affiliates with at least one year of service, other than employees covered by collective bargaining agreements, participate in the ESOP established in 1985. Initially, the ESOP owned 1,500,000 shares of Common Stock. Commencing with the 1987 fiscal year, shares of Common Stock held by the ESOP have been allocated to the accounts of participants for each fiscal year on the basis of payments of principal on the ESOP's ten-year installment note issued to the Company in connection with the ESOP's purchase of Common

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Stock from the Company. Shares are allocated to participants based on their compensation. Participants' shares vest upon the earlier of five years' credited service or termination of employment due to retirement, disability or death. For the 1994 fiscal year, shares of Common Stock held by the ESOP were allocated to executive officers as follows: 2,049 shares were allocated to Mr. Norsworthy and to Mr. Reid, 1,925 to Mr. Gray, 1,711 to Mr. Clifton and 1,671 to Mr. Cella. The cost of these allocated shares and dividends received on unallocated shares of Common Stock held by the ESOP are included in the Summary Compensation Table under the column captioned "All Other Compensation."

ESOP RESTORATION PLAN

The Company has recently adopted an ESOP restoration plan to provide additional benefits to executives whose allocations of Company shares from the ESOP for the 1995 and 1996 fiscal years will be reduced because of the application of Internal Revenue Code limitations. The new plan does not apply with respect to the 1994 fiscal year and hence amounts with respect to the plan are not included in the Summary Compensation Table on page 7. The plan provides for the grant to participants after the end of the 1995 and 1996 fiscal years of "phantom shares" equal in number to the number of shares not allocated to participants because of the Internal Revenue Code limitations. The phantom shares under the plan will be unsecured rights to cash payments based on dividends paid on shares of Common Stock and on the market value of such shares at future dates. Payments based on market value of Common Stock will generally be made at the time of a participant's termination of employment or at the time of a final distribution to the participant under the ESOP unless the participant elects to defer payments over a 10-year period. It is expected that a total of approximately 7,500 phantom shares will be granted to participants for each of the 1995 and 1996 fiscal years.

COMPENSATION OF DIRECTORS

Directors who are not employees of the Company or its subsidiaries are paid \$12,000 per annum, plus \$1,000 per day per attended meeting, other than conference telephone meetings, of the Board and per attended meeting of a committee of the Board that does not immediately precede or follow a Board meeting. Officers of the Company do not receive compensation for serving on the Board of Directors.

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COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

The members of the Compensation Committee of the Board of Directors during the 1994 fiscal year are listed below. None of the members of the Committee was an officer or employee of the Company or any of its subsidiaries during the 1994 fiscal year. Members of the Committee who in prior years were officers of the Company or of a subsidiary are indicated below by (O).

W. John Glancy(O) (1)
Marcus R. Hickerson(O)
A.J. Losee(2)
Thomas K. Matthews, II

E.I. Parsons(O)
Robert G. McKenzie
Henry L. Stern(O)

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- (1) Mr. Glancy was, and is expected to continue to be, retained to render legal services to the Company. For such services rendered in the 1994 fiscal year, Mr. Glancy's law office was paid approximately \$87,000.
 - (2) Mr. Losee is a shareholder in the Artesia, New Mexico law firm of Losee, Carson, Haas & Carroll, P.A., which was, and is expected to continue to be, retained to render legal services to the Company. For such services rendered in the 1994 fiscal year, Losee, Carson, Haas & Carroll, P.A. was paid approximately \$178,000.

No executive officer of the Company served as a director or member of the compensation committee of another entity which had an executive officer serving as a member of the Company's Board of Directors or the Board's Compensation Committee.

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COMPENSATION COMMITTEE REPORT ON EXECUTIVE COMPENSATION

The Compensation Committee of the Board is responsible for all compensation programs for the executive officers of the Company. The Committee determines the compensation of officers who are also directors (other than any grants of stock options, which are subject to the jurisdiction of the Executive Stock Option Committee) and reviews overall compensation levels for the Company's other executive officers. There were eight meetings of the Compensation Committee during the 1994 fiscal year.

The basic objective of the Company's compensation program for executives is to provide levels of compensation that allow the Company to attract and retain productive executives who are motivated to protect and enhance the long-term value of the Company for its shareholders. The Company seeks to establish and maintain levels of compensation that will be competitive with levels for comparable companies. Competitive compensation levels are estimated on the basis of available information on compensation paid by companies in the Company's industry that are most similar to the Company, taking into account the Company's size and place in the refining industry. Executive compensation programs are intended to reward each executive based on Company performance and individual performance and to balance appropriately short-term and long-term considerations.

The Company's major current compensation programs for executives are salaries, annual bonuses, allocations of shares under the ESOP, benefits under retirement and thrift plans, and benefits under the recently adopted retirement restoration plan and ESOP restoration plan.

Salaries of executives are set at levels intended to be competitive with levels for comparable businesses. Salaries are reviewed and adjusted annually.

Bonuses are based in part on an evaluation of the performance of the Company and in part on assessments of individual performance. Because of the relative size of the Company in the refining industry and the susceptibility of the Company and the industry to unexpected changes in circumstances that can have major impacts -- positive or negative -- on performance, the Company's performance, as measured principally by net income, is evaluated by the Committee after the end of the fiscal year in light of the circumstances of the Company and the industry for the year completed. In this evaluation, particular consideration is given to the Company's handling during the year of the controllable elements affecting current and future results of operations and to the Company's performance for the year as compared to historical levels; the Committee also takes into account as appropriate any major differences between Company performance and the performance levels of other companies in the refining industry. In the case of Mr. Norsworthy and Mr. Reid, Company performance is the predominant element in the determination of bonuses. In the case of bonuses for other executives, the relative importance of individual performance and

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Company performance varies among executives depending on their responsibilities within the Company. Amounts of bonuses for different performance levels are intended to be competitive with bonus levels of comparable companies.

Compensation of Lamar Norsworthy, the Company's Chairman of the Board, President and Chief Executive Officer, is determined by the Committee under the principles described above. After a review of salary levels of chief executive officers of comparable companies, the Compensation Committee increased Mr. Norsworthy's salary from an annual level of \$273,700 to an annual level of \$380,000 effective January 1, 1994. Effective June 1, 1994, Mr. Norsworthy's salary was further increased to an annual level of \$386,750. The Committee believes that Mr. Norsworthy's salary is currently at a competitive level based on comparisons with similar refining companies. Since Mr. Norsworthy has overall responsibility for the Company, Mr. Norsworthy's bonus is based primarily on evaluation of the performance of the Company for the last completed fiscal year. For the 1994 fiscal year, Mr. Norsworthy's bonus of \$125,000 was approximately 37% of his salary for the year. This bonus level was based on the Committee's view that the Company's performance for the 1994 fiscal year was generally at expected levels in terms of net earnings and the Company's response to opportunities and challenges that arose during the year.

In September 1994, the Committee recommended and the Board approved creation of supplemental plans intended to provide to executives payments to replace benefits under the retirement plan and the ESOP that cannot be provided from these plans because of Internal Revenue Code limitations.

The retirement restoration plan will provide to participants additional benefits to take the place of benefits that would have been provided under the qualified retirement plan except for the application of limitation provisions of the Internal Revenue Code. The three initial participants under the plan are Lamar Norsworthy, Jack P. Reid, and William J. Gray, who are the only executives whose salary and benefit levels currently exceed Internal Revenue Code limitations. Because of the operation of the Internal Revenue Code limitations that have caused the adoption of the retirement restoration plan, initially most of the value of benefits under the plan will be allocable to Mr. Reid and Mr. Norsworthy. Although benefits under this plan will be unfunded general obligations of the Company, in certain circumstances in which there is a change in control of the Company the Company would be required to purchase annuities and make cash payments with a total cost equal to the value of accrued benefits under the plan. The expense accrued for the 1995 fiscal year with respect to this plan is expected to be approximately \$237,000.

In the case of the ESOP restoration plan, participants will receive phantom shares to the extent that ESOP shares would have been allocated to them except for Internal Revenue Code limitations. The phantom shares under the plan will be unsecured rights to cash payments from the Company based on dividends paid on shares of Common Stock and based on the market value of

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such shares at future dates. Payments based on market value of Common Stock will generally be made when a participant terminates employment with the Company or when a final distribution is made to the participant under the ESOP unless the participant elects to defer payments over a 10-year period. The plan will be effective for the fiscal years ending July 31, 1995 and July 31, 1996 and it is anticipated that a total of approximately 7,500 phantom shares will be allocated for each year to participants under the plan. Expense to the Company will be determined by future market prices of shares of Common Stock and by the level of future dividends paid on shares of Common Stock. Eleven executives, including the five individuals listed in the Summary Compensation Table on page 7, are participants under the plan.

Compensation Committee of the Board of Directors

Thomas K. Matthews, II, Chairman
W. John Glancy
Marcus R. Hickerson

A.J. Losee
E.I. Parsons
Robert G. McKenzie

The Compensation Committee Report on Executive Compensation will not be deemed incorporated by reference in any filing by the Company under the Securities Act of 1933, as amended (the "Securities Act") or the Exchange Act, except to the extent that the Company specifically incorporates such report by reference.

STOCK PERFORMANCE GRAPH

Set forth below is a line graph comparing, for the period of five fiscal years commencing July 31, 1989 and ending July 31, 1994, the yearly percentage change in the cumulative total shareholder return on the Company's Common Shares to the cumulative total return of the S&P Composite 500 Stock Index and of an industry peer group chosen by the Company.

COMPARISON OF FIVE-YEAR CUMULATIVE SHAREHOLDER RETURNS(1)

(GRAPH)

MEASUREMENT PERIOD (FISCAL YEAR COVERED)	HOLLY CORPO- RATION	S&P 500	INDUSTRY PEER GROUP(2)
-----	-----	-----	-----
1989	100	100	100
1990	99	107	99
1991	117	120	93
1992	94	135	83
1993	104	147	96
1994	112	155	109

- (1) The amounts shown assume that the value of the investment in the Company and each index was \$100 on July 31, 1989 and that all dividends were reinvested.
- (2) The peer group, as chosen by the Company, includes companies that are similar to the Company in regards to refining operations. This group is made up of Ashland Oil, Inc., Crown Central Petroleum Corporation, Diamond Shamrock, Inc., Getty Petroleum Corporation, Giant Industries Inc., Tesoro Petroleum Corp., Tosco Corporation, Total Petroleum (North America) Ltd., Sun Company, Inc., Ultramar Corporation and Valero Energy Corporation. It should be noted that almost all of the peer group companies are also engaged in retail gasoline marketing in addition to their refining activities and are engaged in oil and gas exploration and production to a greater extent than is the Company; in addition, most of the peer companies are substantially larger than the Company in terms of assets and sales.

The stock price performance depicted in the foregoing graph is not necessarily indicative of future price performance. The graph will not be deemed to be incorporated by reference in any filing by the Company under the Securities Act or the Exchange Act, except to the extent that the Company specifically incorporates such graph by reference.

RELATIONSHIP WITH INDEPENDENT PUBLIC ACCOUNTANTS

The Board of Directors of the Company has selected Ernst & Young LLP, independent certified public accountants, to audit the books, records and accounts of the Company and its consolidated subsidiaries for the 1995 fiscal year. Ernst & Young LLP has conducted such audits since 1977. It is expected that a representative of such firm will be present in person or by conference telephone at the stockholders' meeting, will have an opportunity to make a statement if the representative so desires, and will be available to respond to appropriate questions.

STOCKHOLDER PROPOSALS

Proposals of stockholders to be considered for presentation at the Company's 1995 Annual Meeting should be received by the Company by July 6, 1995, in order to be considered for inclusion in the proxy statement for that meeting.

A copy of the Company's 1994 Annual Report containing the audited consolidated balance sheets at July 31, 1994 and 1993, and the related consolidated statements of income, stockholders' equity and cash flows for each of the three fiscal years ended July 31, 1994, is being mailed with this Proxy Statement to shareholders entitled to notice of the Annual Meeting. The Annual Report does not constitute a part of the proxy solicitation material.

HENRY A. TEICHHOLZ
Vice President, Treasurer and Controller

November 3, 1994

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HOLLY CORPORATION

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R PROXY FOR ANNUAL MEETING OF STOCKHOLDERS - DECEMBER 8, 1994
O
X SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS
Y

Lamar Norsworthy, Gerard L. Regard and Jack P. Reid, or any of them or their substitutes, are hereby appointed proxies to represent and to vote the stock of Holly Corporation standing in the name(s) of the undersigned at the Annual Meeting of Stockholders to be held in Artesia, New Mexico on December 8, 1994, and at all adjournments thereof.

TO VOTE IN ACCORDANCE WITH THE RECOMMENDATIONS OF THE BOARD OF DIRECTORS YOU DO NOT NEED TO MARK ANY OF THE BOXES. JUST DATE AND SIGN ON THE REVERSE SIDE.

CONTINUED AND TO BE SIGNED ON REVERSE SIDE SEE REVERSE SIDE

(X) PLEASE MARK
VOTES AS IN
THIS EXAMPLE.

THIS PROXY WHEN PROPERLY EXECUTED WILL BE VOTED AS DIRECTED. IF NO DIRECTION IS GIVEN, IT WILL BE VOTED FOR THE ELECTION OF ALL NOMINEES AS DIRECTORS AND IN THE DISCRETION OF THOSE AUTHORIZED TO VOTE THIS PROXY ON ANY OTHER BUSINESS.

1. Election of Directors

NOMINEES: W.J. Glancy, M.R. Hickerson, A.J. Losee, T.K. Matthews, R.G. McKenzie, L. Norsworthy, E.I. Parsons, J.P. Reid

FOR WITHHELD
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For all nominees except as noted above

2. Other Business - Voting upon any other business properly before the meeting or any adjournment thereof.

Receipt of the Company's Annual Report for its 1994 fiscal year, Notice of the Annual Meeting and related Proxy Statement is hereby acknowledge, and all former proxies are hereby revoked.

MARK HERE
FOR ADDRESS ()
CHANGE AND
NOTE AT LEFT

Please sign below exactly as name(s) appear(s) hereon. Joint tenants should both sign. Executors, administrators, trustees or guardians should show their capacity as such. Corporations should sign by President or other authorized officer.

Signature: _____ Date _____

Signature: _____ Date _____